

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01

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R 251546Z MAR 74

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 8003

INFO USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

C O N F I D E N T I A L OSLO 1275

E.O. 11652: GDS

TAGS: EGEN ETRN NO

SUBJ: FOREIGN MINISTER HINTS AT MORE RESTRICTIVE NORWEGIAN ECO-  
NOMIC POLICY

REF: (A) OSLO 792; (B) OSLO 3800, OCT 13, 1973

BEGIN SUMMARY: NORWEGIAN FOREIGN MINISTER FRYDENLUND  
HINTED IN A RECENT SPEECH THAT NORWAY MIGHT MOVE AWAY  
FROM ITS TRADITIONAL POLICY OF FREE ECONOMIC COMPETITION  
IN SUPPORT OF ITS SHIPPING. INCREASING BARRIERS TO  
NORWEGIAN SHIPPING ARE BEING ERECTED AROUND THE WORLD, AND  
THE PROSPECT OF LARGE FOREIGN EXCHANGE EARNINGS FROM  
OIL AND GAS WILL REDUCE DEPENDENCE ON SHIPPING. THE IMPLICA-  
TION IS THAT CHANGES MAY, THEREFORE, BE MADE, PARTICULARLY  
IN VIEW OF NORWAY'S RESTRICTIVE OIL AND GAS DEVELOPMENT  
POLICY. END SUMMARY.

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1. NORWEGIAN FOREIGN MINISTER FRYDENLUND RECENTLY HINTED AT CHANGES IN NORWEGIAN SHIPPING AND ECONOMIC POLICY. IN A SPEECH TO THE OSLO SHIPOWNERS ASSOCIATION, FRYDENLUND SAID THAT FREE COMPETITION AND FREE TRADE IN SUPPORT OF NORWEGIAN SHIPPING HAD BEEN THE BASIC PRINCIPLES SHAPING NORWEGIAN POST-WAR FOREIGN ECONOMIC POLICY. THE RIGHT OF FREE ACCESS TO FOREIGN CARGOES HAS, HOWEVER, BEEN STEADILY ERODED, AND IT COULD BE SAID THAT NORWEGIAN FOREIGN ECONOMIC POLICY HAS OFTEN BEEN A FAILURE. PARADOXICALLY, NORWEGIAN SHIPPING HAS BEEN A GREAT SUCCESS.

2. DRAWING UPON THIS PARADOX, FRYDENLUND SUGGESTS THAT NORWAY SHOULD STOP HARPING ON FREE COMPETITION SO MUCH. WHILE FLAG DISCRIMINATION AND CARGO PREFERENCES INCREASE THE COST OF GOODS AND REDUCE EFFICIENCY, SHOULD NOT NORWAY, WHICH HAS DONE SO WELL FROM SHIPPING, ALLOW OTHER COUNTRIES TO BUILD UP THEIR OWN FLEETS. MOST OF THESE COUNTRIES ARE, AFTER ALL, DEVELOPING COUNTRIES WHICH NORWAY WISHES TO ASSIST.

3. GOING ONE STEP FURTHER, FRYDENLUND POINTS OUT THAT ONCE REVENUE FROM NORWAY'S OFF-SHORE OIL AND GAS STARTS, SHIPPING WILL ALSO NO LONGER PLAY THE SAME CENTRAL ROLE IN NORWAY. NORWEGIAN POLICY MUST CHANGE TO ACCOMMODATE ITSELF TO THESE CHANGED CIRCUMSTANCES. IN SHIPPING, GREATER NORWEGIAN PARTICIPATION SHOULD BE ALLOWED IN CONSORTIUMS AND OTHER FORMS OF COOPERATION WITH FOREIGN COMPANIES-- UNDER OTHER FLANGS, IF NECESSARY.

4. COMMENT: FRYDENLUND'S SPEECH, DELIVERED IN THE SHIPOWNERS OWN SANCTIONS, HAS BEEN INTERPRETED AS SIGNALING A SHIFT IN NORWEGIAN ECONOMIC POLICY. IT WAS DELIVERED FOLLOWING ISSUANCE OF THE FINANCE MINISTRY'S HIGHLY NATIONALISTIC OIL POLICY REPORT (SEE OSLO 792) WHICH WOULD GREATLY LIMIT ACCESS BY FOREIGN COMPANIES TO EXPLORATION FOR AND DEVELOPMENT OF NORWEGIAN OIL AND GAS. FRYDENLUND IS AWARE OF THE DICHOTOMY BETWEEN THIS RESTRICTIVE APPROACH AND NORWAY'S OWN PURSUIT OF FREE ACCESS IN SHIPPING MATTERS. HIS SPEECH PLAYS UPON GROWING NORWEGIAN DISILLUSIONMENT WITH THE RISE IN OTHER COUNTRIES OF SHIPPING PREFERENCES AND RESTRICTIONS AS A MEANS OF RATIONALIZING NORWAY'S OWN RESTRICTIVE OIL POLICY. CONFIDENTIAL

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5. ALWAYS A NATIONALISTIC COUNTRY, NORWAY HAS BECOME EVEN MORE SO SINCE IT REJECTED IN 1972 MEMBERSHIP IN THE EUROPEAN COMMUNITY. IN THE PAST NORWAY'S DEPENDENCE ON SHIPPING CIRCUMSCRIBED ITS FREEDOM TO TAKE ECONOMIC STEPS TO GIVE EXPRESSION TO THIS HEIGHTENED NATIONALISM. NOW, HOWEVER, THE PROSPECT OF LARGE FOREIGN EXCHANGE EARNINGS FROM OIL AND GAS REDUCES THIS RESTRAINT.

FURTHER EXPANSION OF SHIPPING PREFERENCES AND BILATERALISM  
WILL REDUCE IT STILL MORE.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, SUPPLIES, POLICIES, MARINE TRANSPORTATION, MINISTER COUNSELORS, SPEECHES, ECONOMIC CONTROLS, CARGO SHIPS  
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**Draft Date:** 25 MAR 1974  
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**Disposition Approved on Date:**  
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**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**To:** STATE  
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